DEUTSCHE AFRIKA-LINIEN
JOHN T. ESSBERGER

news

October/2020 The Group's In-House Magazine www.rantzau.de

A new flagship for DAL

The 6,600 TEU "DAL Kalahari" (ex "Mataquito") visits the port of Hamburg

Photo: Jan Mordhorst

Soon to be named "DAL Kalahari" the 6,600 TEU "Mataquito" on her visit to Hamburg passing Blankenese lighthouse

Around noon on Wednesday, 7 October 2020, a rainy day with sunny spells, the 6,600 TEU container ship "Mataquito" entered the port of Hamburg, passed by the Deutsche Afrika-Linen (DAL) head office, and finally berthed at Altenwerder container terminal.

It was a historic day for DAL and a busy day for Essberger Ship Management. The "Mataquito" was purchased by DAL on 27 August to replace the charter vessel "Santa Rita" in the Southern Africa Europe Container Service (SAECS). While still under charter of Hapag-Lloyd, the "Mataquito" called at Hamburg for a 22-hour stopover to resume her last charter voyage out to China.

For Essberger Ship Management the Hamburg call was a perfect opportunity to officially take over the vessel, change crews and to take first service measures. With her new crew under Captain Jaroslaw Maciuk, long time Master of the 4,500 TEU "DAL Kalahari"/"Maersk Launceston", the "Mataquito" left Hamburg on the following day on course for the Far East.

After discharging at the final Chinese port, the Hapag-Lloyd charter will be terminated and the vessel will be transferred to a

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All about the Performance Programme

CFO Dr Michael Triskatis on transforming towards a sustainable future of DAL/JTE

Like other companies in the logistics sector we have been hit hard by the Covid-19 crisis. During the lockdown period and the time thereafter we learned the hard way that it is not only beneficial but essential to have flexible, fast and reliable digital connections to our employees, business partners and customers. To build on this experience and furthermore prepare our Group for a sustainable future in these Covid-19 times and thereafter, we have decided to launch our so-called Performance Programme.

DAL/JTE NEWS: What is the purpose and scope of the Performance Programme?

MICHAEL TRISKATIS: Besides achieving our financial ambitions – a prerequisite to successfully stay in business for the next decades – the Performance Programme will deliver a variety of benefits to our customers, external partners and employees. It will help us to remain a reliable service provider and be a sustainable market player in the years to come. Optimised processes will enable us to focus even more on the specific needs of our customers. We will continue our journey towards more digitisation to be a state-of-the-art business partner and easy to cooperate with. We call it Performance Programme because this is the key:

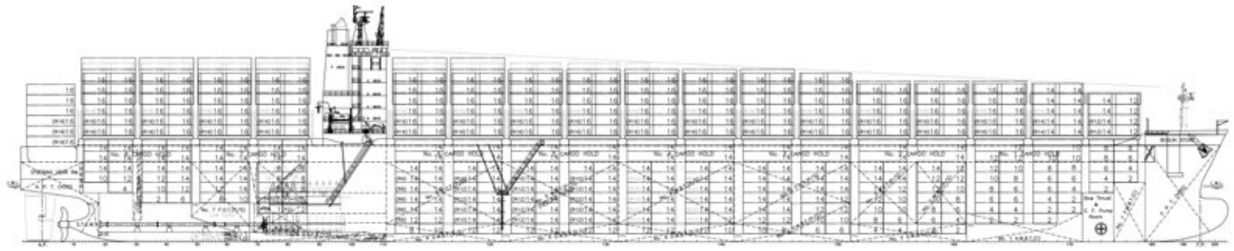
(continued on page 2)

Covid-19 is still in our focus and we are taiking care of all possible precautions. However, we must also not lose sight of the welfare of our company. The last months have posed enormous economic challenges. The financial impact of the pandemic will still affect us for a long time to come. We have therefore decided to terminate our bulker activities, at least for the time being. The remaining three vessels have recently been sold.

Hit hard are the liner and tanker divisions. Our Liner Service suffered from the lockdown that South Africa imposed. The production stop in the automobile industry led to a decline in cargo volumes. Likewise, the chemical tanker trade was affected by the decline in the production of industrial goods. This subsequently led to an oversupply of tonnage, resulting in a high number of idle days as well as a depression on freight rates.

We have reacted to these challenges. For our SA service we have purchased a 6,600 TEU ship with a high reefer capacity: our next "DAL Kalahari". This will strengthen our position in the SAECS vessel sharing agreement and make us independent of fluctuating charter rates. In the chemical trade, we reacted to the lower cargo volumes by removing tonnage from the market. Although we currently see signs of a return to normality, the focus is now on reassessing the structures of our Group by analysing their strengths and weaknesses. For this we are being assisted by external experts, who are reliant on the support of all our members of staff. Churchill once said: "It is not always enough that we do our best. Sometimes we have to do what is necessary."

Yours Heinrich von Rantzau



A new flagship for Deutsche Afrika-Linien

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Chinese shipyard and docked for a thorough refit. With the traditional name "DAL Kalahari" (3) she will most likely return to Europe and join the SAECS fleet in February 2021.

With a length of 305 meters and 81,002 dwt the new "DAL Kalahari" is the biggest vessel in the history of DAL. Her high reefer capacity of 1,162 will be increased and her max. speed of 25 plus knots make her a perfect addition to the SAECS vessel sharing agreement. Due to the size restrictions in South African ports the "DAL Kalahari" marks the top end of the scale.

Captain Maciuk had already made himself familiar with the vessel on the trip from Suez to Hamburg. He is full of praise: "For a ship ten years of age I would give her eight points out of ten. After the refit in China she will be in top condition."

The arrival of the "Mataquito" in Hamburg was eagerly awaited not only by Essberger Ship Management but also by the DAL shore crew and the top management of the DAL/JTE Group of Companies. But due to the Covid-19 restrictions the planned boarding party had to be cancelled. Only service staff from Ship Management were allowed. Managing Owner Heinrich von Rantzau welcomed the vessel from the high banks of Elbchaussee near the port entrance. Managing Owner Dr Eberhart von Rantzau got a first impression of his new flagship from the top "deck" of the Palmaille office when she passed the Koehlbrand Bridge.

"DAL Kalahari" (3) for the records

The "DAL Kalahari's" original name is "Mataquito". She was named after the Mataquito River in Chile, where in 1557 Spanish colonial forces beat the local Mapuche people in a fierce battle.
Built by CSBC Corp. Taiwan Kaohsiung, Building No. 899
Container ship gearless
75,752 GRT; 42,442 NRT; 81,002 dwt; light ship 26,654 t
Length over all 305.60 m, beam 37.30 m, depth 14.02 m,
Keel to top deck 54.20 m
Containers: 6,589; 3,097 in 8 holds; 3,492 on deck incl. 1,162 reefers
1 Wärtsila/Doosan Type 10RTflex96C; 57,222 kW; 77,799 hp
26.8 kn max, 25.5 kn service, 232 t/day
Bunker capacity 8,470 t; 480 t diesel
Newbuilt price USD 85,000,000
2009 October 21 keel laying
2010 May 15 launching
2010 October 28 delivered to Peter Döhle Schiffahrts KG, Hamburg, chartered out to CSAV
2015 new charter Hapag-Lloyd
2015 October 20 main engine breakdown in Manzanilla/Mexico
2015 December Portuguese flag
2016 January 7, Manzanilla, 173 kg cocaine discovered by Mexican customs, crew was not involved. Trading in the South America–Japan service
2020 August 27 contract signed with Deutsche Afrika-Linien
2020 October 5 port of Hamburg, takeover by Essberger Ship Management, crew change

All about the Performance Programme

(continued from page 1)
We need to improve our performance to achieve all goals mentioned above. Consequently, cost reduction is one goal, but by far not the only one. Only reducing costs would not be sufficient to achieve a sustainable future.

DAL/JTE NEWS: How will we achieve the goals of the Performance Programme?

MICHAEL TRISKATIS: We need to improve our performance in all areas. We are guided by the question how to improve by doing things differently. The success of the project depends directly on the high commitment and effort of our great staff. Together with external experts they will develop innovative concepts and ideas. We will look at all parts of the DAL/JTE Group with rigorous scrutiny. The high priority of this programme can be seen not least from the fact that it is within the direct responsibility of the top management. One first outcome you have already seen: the sale of our dry bulk business. In other parts of our Group we will streamline and refocus on our core business, building on our strengths, respectively continuing our growth strategy. We are prepared to take all measures that are necessary to ensure success.

Dr Michael Triskatis, CFO

DAL/JTE NEWS: What does it mean for our employees?

MICHAEL TRISKATIS: For our employees we will achieve improved and clarified structures and processes. Adjusted and clear responsibilities will be defined in areas where we change the organisation. We are counting on their flexibility and willingness to fully support the required changes. Only then can we be jointly successful. We will remain a strong and sustainable Group of Companies with a clear profile and a great place to work.

DAL/JTE NEWS: When will the Performance Programme be completed?

MICHAEL TRISKATIS: Our aim is to have identified all potentials for optimisation by the end of the year at the latest and to have set the course for next year, so that we can then quickly start implementing the measures in the new year.

DAL/JTE NEWS: What will we look like after having successfully finished the programme?

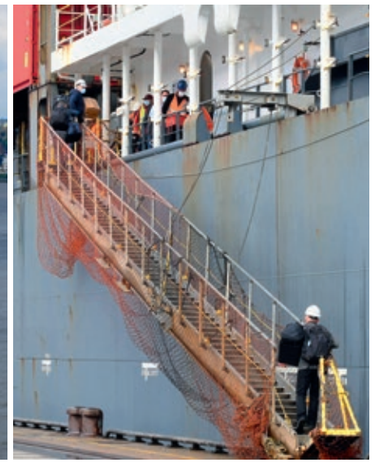
MICHAEL TRISKATIS: Let me draw a picture: once the programme has been completed and all measures have been implemented, we will be a streamlined and agile sailing vessel, resistant to all kinds of weather with a crew that reacts quickly and competently.

"DAL Kalahari": Welcome to Hamburg

Official takeover and crew change/ Essberger Ship Management takes responsibility/ Master Jaroslaw Maciuk in command

Photos: Andreas Vallbracht (1), Michael Zapf (7), YPS Peter Neumann (1), DAL/JTE (2)

"Mataquito" on the river Elbe entering the port of Hamburg on 7 October in a spell of sunshine



Boarding of the new crew

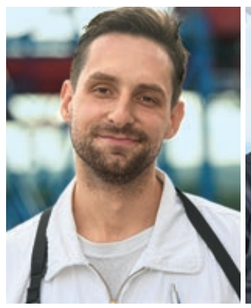
Dr Eberhart v Rantzau overlooking the Elbe and the berthing place in the distance

Just in time: Heinrich v Rantzau with "Mataquito" passing behind him

Waiting to be registered while keeping social distance

Captain Jaroslaw Maciuk

Chief Engineer Kolechkin taking care down below



Chief Officer Stygar

Motorman Queliza with Bosun Tunden

"Mataquito" passing the Koehlbrand Bridge prior to arrival

It's real, it shows every detail, it shines, it's made by a 3D printer

Master Maciej Randak explains how he printed an amazing model of "Helga Essberger" – and it's only the beginning

Maciej Randak, Master of chemical tanker "Helga Essberger", presents to us a modern version of building a model ship in 3D printer technology. His model of " Helga Essberger" is now on permanent display in the Essberger Crewing Services (ECS) office in Poland. How was it made? He explains:

The idea of making a model of "Helga Essberger" (ex-"Crystal Amaranto") started a few years ago when my father made a handmade model based on pictures and some drawings I sent him when I worked as Chief Officer on board the vessel.

Last year, I bought my first 3D printer with FDM technology and started to learn how to design and print some components of the model.

FDM is a filament-based technology where a temperature-controlled head extrudes a thermoplastic material layer by layer onto a build platform. A support structure is created where needed and built of a water-soluble material. Later I purchased a second printer with stereolithography (SLA) suitable to create components at very high precision.

SLA is a form of 3D printing technology used for creating models and production parts in a layer-by-layer fashion using photochemical processes by which light causes chemical monomers and oligomers to cross-link together to form polymers. I will briefly describe the printing process:

• Collecting data: drawings, pictures, measurements

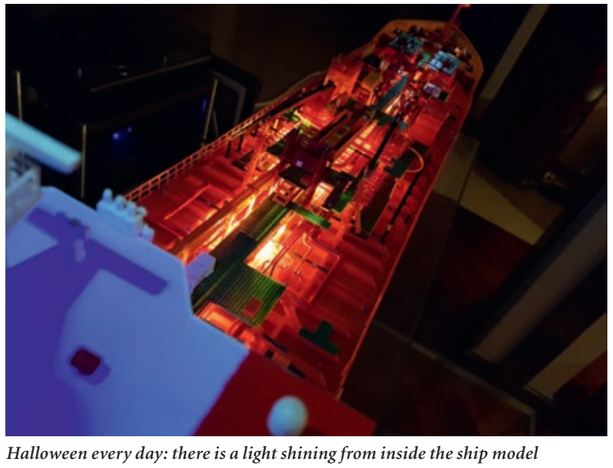
• Designing (entering data) in 3D software – this process takes a lot of time taking into account the complex pipeline design on Helga Essberger

• Converting 3D files into STL files – transferring STL files to the printer and printing – it is important to choose proper orientation and support layout for printed objects

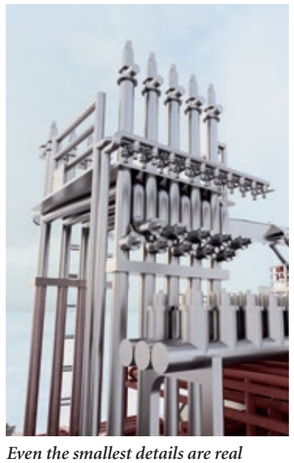
• Putting all the components together – assembling printouts (components, sections, pipelines, various installations) on the model. The hull of the model is made of fiberglass/polyester resin composite using a mould. The deck is made of plastic. The accommodation is made of various components printed on a FDM printer. The pipes and deck installations and equipment were printed mostly on an SLA printer. The majority of the components were printed manually or using spray paint. The model includes lights triggered by magnetic contactors.

We plan to make a remote-controlled version of the model or open tank exhibition model for educational purposes. The whole process takes a lot of time and effort but every next model will be easier to make. From several months I can optimise the whole process down to three weeks.

The dimensions of the model – scale 1:100, 127 cm length, 19.7 cm beam. "Helga Essberger" created by Captain Randak and the magic of a 3D printer



Halloween every day: there is a light shining from inside the ship model



Even the smallest details are real

Master and magician Maciej Randak with his model of "Helga Essberger" and Tomasz Wojciechowski of ECS Gdynia

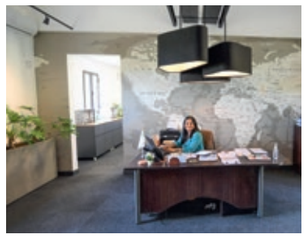
Exotic and stylish – UAFL moves to a new office

United Africa Feeder Line (UAFL) has moved to a new head office. Located in Mapou in the northern part of Mauritius, the new office is only half a mile away from the original address and still part of the business park "Domaine de Labourdonnais", about 20 minutes by car north of the capital and main port of the island, Port Louis.

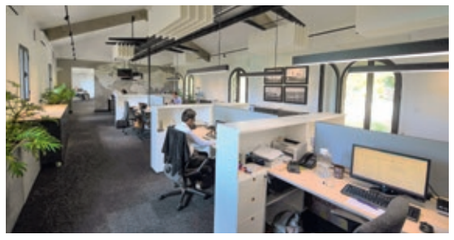
The UAFL crew had to leave the old place because the areal is to become part of the new conference centre planned in the business park. The new office building is situated in a green park area and offers plenty of workspace. The offices are decorated with historical photos of the ships used by Deutsche Afrika-Linien in the Africa trade.

www.uaflshipping.com

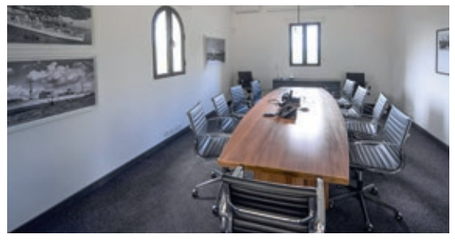
The UAFL crew in Mapou from left to right: William Bland, Mohamed Atallah, Tassee Mewhoor, Alexis de Fromont, Kevin Venkatasamy, Valerie Montou, Lomie Tapela, Sunjeev Peetumber, Michael McKeown, Christian von Rantzau and Ludovic Marie. Missing on this photo are Audrey Nelson and UAFL Group MD Dr Dag-Sven Dieckmann



A warm welcome at the front desk: Tassee Mewhoor has a smile for every visitor



Plenty of space in the office. Social distancing in times of Covid-19 is no problem



Images of historic DAL ships are displayed on the walls of the meeting room

Ex-Essberger tankers now trading in Siberia

"Socrat" ex-"Lucy Essberger" now under the Russian flag, her name in Cyrillic letters

Our ice-class chemical tankers are usually phased out of the Essberger fleet after 25 years in service. But that doesn't mean that they belong to the "old iron". A whole range of these vessels enjoy new challenges after they are sold – challenges that only very few ships are able to tackle, like trading in the Arctic Ocean. In 2020, after ten years of service on the Baltic and North Sea, the aging "Eduard Essberger" (5,864 dwt, built in 1996) and "Lucy Essberger" (5,864 dwt, built in 1997) were sold to a Russian shipowner. They were handed over in Kaliningrad in July. "Eduard" was renamed "Samson", and "Lucy" became "Socrat". Since then they have been flying the Russian flag and their home port is now Petropavlovsk. This port is located on the peninsula of Kamchatka in the easternmost part of Siberia.

As early as July the two tankers sailed to their new home port directly, meaning around the North Cape through the North-East Passage. After calling at Arkhangelsk on the White Sea, their next destination was Mys Shmitda. Mys Shmitda, meaning Cape Schmidt, is the north-easternmost corner of Siberia and named after the Soviet scientist and Arctic explorer Otto Schmidt (1891-1956), who was of German origin. Near the cape lies a small port that was used as a supply station for the Soviet nuclear bomber fleet during the Cold War. The "Socrat" has meanwhile sailed around the cape and last reported further south of the cape in Anadyr, another port town in eastern Siberia. "Samson" was already far further south heading for Vladivostok.

Here on the coast of eastern Siberia is where the two tankers will meet the "Gektor" (ex-"Heinrich Essberger" (3)) and "Peley" (ex-"Eberhart Essberger" (5)). Also flying the Russian flag are "Kord Arctic" (ex-"John Augustus Essberger") and "Nordstraum" (ex-"Annette Essberger"), both based in their home port of Murmansk on the Barents Sea. The "Kapitan Shirayev" (ex-"Dutch Mariner") is trading in the Black Sea, the "Flandriya" (ex-"Dutch Engineer") in the Baltic. All these tankers kept their red hulls, in some cases their new names were applied in Cyrillic.

Whereabouts

October 2020

Ships name	Master	First Mate	Chief Engineer
Agnes Essberger	*Andrey Grzhibovskiy*	*Denis Vlasov*	*Mikhail Borisyuk*
Alcedo	*Edgar Roelofsen*	*Albertus Konijn*	*Marten Bosma*
Amalie Essberger	*Piotr Bes*	*Daniel Kubacki*	*Vitaliy Kolesnyk*
Anneliese Essberger	*Peter Troost*	*Gerben Bosscher*	*Pieter Pasterkamp*
Annette Essberger	*Koen Ghysels*	*Quirino II Agot*	*Volodymyr Yurkevych*
Ardea	*Albert Ten Wolde*	*Els Impens*	*Serge Van Der Pol*
Birthe Essberger	*Gocha Bezhanidze*	*Ruslanas Karpovas*	*Andrzej Szyca*
Caroline Essberger	*Arnoldus Van Groenestijn*	*Willem Schot*	*Teunis Oskam*
Charlotte Essberger	*Krzysztof Osuch*	*Ilja Baranovskis*	*Artur Kazimierz Gzella*
Christian Essberger	*Robert Szmaj*	*Robert Halicki*	*Miroslaw Jaworski*
Dutch Aquamarine	*Adolph Kamphuis*	*Brian De Sterre Roberts*	*Jan Sonneveld*
Dutch Emerald	*Hubertus Meulenberg*	*Dominik Kazior*	*Ronald De Bruin*
Dutch Faith	*Sander De Bos*	*Ernst Hendrik Jan Weijde*	*Roel Tichelaar*
Dutch Spirit	*Theo Keizer*	*Roger Oenema*	*Geert Sap*
Ellen Essberger	*Mariusz Borek*	*Radoslaw Ewertowski*	*Artem Glushko*
Elsa Essberger	*Stefan Grabowski*	*Marcin Harasim*	*Lukasz Zeromski*
Georg Essberger	*Jacek Borysiuk*	*Adrian Mariak*	*Tomasz Kozlowski*
Gisela Essberger	*Ali Ayara*	*Maksim Naumcik*	*Pavel Semyonov*
Helga Essberger	*Waldemar Literski*	*Daniel Szarzynski*	*Olegs Cerepanovs*
Johann Essberger	*Andrei Malenkov*	*Dariusz Podsiadly*	*Marcin Prena*
John Augustus Essberger	*Dawid Sadecki*	*Martins Taurins*	*Valeriy Bashkurov*
Liesel Essberger	*Jose Teixeira*	*Marcin Zietek*	*Stefan Tudorache*
Lisa Essberger	*Leonardus Kanters*	*Eriks Ciblis*	*Hendrik Post*
Maersk Launceston	*Mariusz Pleskacz*	*Joanna Koczyk*	*Pavlo Polishchuk*
Mataquito	*Maciuk, Jaroslaw*	*Stygar, Dmytro*	*Kolechkin, Gleb*
Patricia Essberger	*Grzegorz Kakol*	*Deniss Andrejevs*	*Grzegorz Topolewski*
Philipp Essberger	*Mareks Satkovskis*	*Valeriy Dorofeev*	*Piotr Trusinski*
Theodor Essberger	*Arkady Khramushin*	*Pawel Bula*	*Andrzej Sullik*
Ubena	*Pavlo Klyuyev*	*Ruslan Blazhyyevsky*	*Ilarion Sorin Chirtes*
Ulanga	*Eugeniusz Naciuk*	*Rafel Nones*	*Piotr Turski*
Ursula Essberger	*Cornelis Lodder*	*Rik Bolwijn*	*Ronald Van Herwijnen*
Wilhelmine Essberger	*Nicolaas Van Den Belt*	*Marcin Szajdecki*	*Johan De Jong*

Aus der Reederei-Familie

Jubiläen

25 Jahre

Ralf Stüwe,
DAL, 01.09.1995
Roger Oenema,
C/O, 11.09.1995
Manuel Antonio da Silva Santos,
AB, 20.09.1995
Terliano Jr. Yagonia Gulane,
PMP, 25.10.1995

10 Jahre

Jennifer Aust,
DAL, 01.09.2020
Carsten Radau,
DAL, 01.09.2020
Athos Buchheister,
DAL, 01.11.2020

Besondere Geburtstage

80 Jahre

Dieter Breckling, 04.09.1940
Anke Schmidt-Eisner, 22.10.1940

75 Jahre

Herbert Heins-Drescher,
07.11.1945

70 Jahre

Ron Frick, 22.11.1950
Bernd Sottorf, 30.11.1950

60 Jahre

Bernd Schlarmann,
JTE, 25.09.1960
Szczepan Pachula,
C/O, 05.10.1960
Krzysztof Maniecki,
C/O, 17.10.1960

50 Jahre

Rico Solbach,
DAL, 29.08.1970
Salvador Jr. Anes Talite,
MTM, 30.09.1970
Sönke Köster,
DAL, 13.10.1970
Rolly Villaver Encarguez,
MTM, 16.10.1970
Marcello Accetto,
DSA, 31.10.1970
Benvindo Tomaz Vieira Silva,
AB, 08.11.1970
Paulo Santos,
Master, 13.11.1970

Neue Mitarbeiter an Land

Swantje Osthoff, *Ship Management*

Neuer Auszubildender an Land

Nico Veelders, *DAL*

Wir gratulieren zur Geburt eines Kindes

Christine Betzold,
Sohn Theo, 09.07.2020
Katharina Deutscher,
Tochter Emma Feline, 06.07.2020
Sonía da Silva Reixelo Foundas,
Sohn Ilias, 04.07.2020

Geheiratet haben

Mark Konrad, *DAL*
Ramona Lüpkes (ehemals Kurth),
DALSA Bremen
Demhay Tekie, D*SA Stuttgart*

Wir gedenken

Herrn Werner Dohrmann (90),
August 2020, ehemals JTE

Trainees in times of Covid-19

By Silke Steinfurt

Suddenly all our colleagues were in their home office, but what do we do with our trainees, some of whom had only just started their training, when Covid-19 broke out? It was a great challenge at the beginning to have our trainees work from home and continue their training/education. Initially, only a part of the workforce had mobile work equipment, and our apprentices certainly didn't have any. Suddenly school was no longer held and, like all general schools, vocational schools were not prepared. Remote teaching? Very difficult at the beginning.

At first, many of our trainees were at home without tasks. Understandably, the departments first had to organise their own work processes, which meant that the supervision of the trainees and knowledge transfer had to take a back seat.

Our head of apprenticeship, Alexandra Trinkus, then assigned home office projects to the trainees: the development of a school marketing concept, onboarding and introduction to shipping for the new trainees by the experienced ones. This worked well and the results are very helpful. In addition, our trainees have helped out in the accounting department and contributed to the implementation of the electronic invoice workflow by bringing tens of thousands of invoices into the system so that we can all process them in our home office. A big thank you again to our trainees, but of course also to our colleagues in Accounting for all the overtime.

In the meantime, school has started up again and our trainees are back in the departments. Some are in the office all the time, others like their colleagues are rotating in their home office. Here too, Covid-19 has helped us learn and become more flexible.

Patricia meets the "Patricia" – A day on board with her daughter: *On 9 June, chemical tanker "Patricia Essberger" (4,711 dwt) called at the port of Hamburg, and Patricia von Rantzau, wife of Managing Owner Dr Eberhart von Rantzau, and also the lady the vessel was named after, took the opportunity to visit "her" ship. Mrs von Rantzau was accompanied by her daughter Caroline von Rantzau, who has gained some experience on tankers lately. In the past summer, she joined the "Caroline Essberger" (5,642 dwt) for a trip on the North Sea as part of her internship with Essberger Tankers. During their visit of the vessel in Hamburg both ladies did a thorough inspection from the bridge to the engine room. Everything turned out well, as you can see from the broad smile on their faces. This image was taken in the engine room in the company of 2/E Piotr Koltonowski and C/E Miroslaw Jaworski to the left, and Essberger's Technical Inspector Oliver Schneider to the right.*

"Surprised how well it worked"

Jonas Rückert, 21, is a trainee at Essberger Tankers.

DAL/JTE NEWS: Jonas, when did you first learn about the Covid-19 lockdown?

JONAS RÜCKERT: It was in March, shortly before I was due to start with Essberger Tankers' operating department.

DAL/JTE NEWS: And then you were sent home? Were you able to work there?

JONAS RÜCKERT: Yes, I was. I share a flat with a student who attends his lectures online, so he's online on his laptop a lot, too. That means we have to show consideration for each other. When the lockdown started, my parents got me a laptop of my own right away. The IT department provided me with a link that allowed me to download Citrix and to work from home just like at the office. I was surprised how well it worked. But initially there wasn't really that much work anyway.

Jonas Rückert, trainee at JTE Tankers

DAL/JTE NEWS: What can a trainee in the operating department do from home?

JONAS RÜCKERT: The usual work: send travel instructions to the ships, enter port times in our IMOs system and so on. We also received a list from which we could select our tasks. I really liked that. Together with my trainee colleague Timon Spreckels, I compiled a list of the costs of fresh water in the various ports and entered these in the system. With this information you can now calculate when and where the ships can bunker fresh water at lower costs and, for example, whether it's worth waiting until you reach the next port. During the lockdown we were in constant daily contact with our colleagues at Essberger Tankers by phone or Skype.

DAL/JTE NEWS: So, where is the best place to buy fresh water?

JONAS RÜCKERT: In Port Jerome in France and in Rafnes and Sarpsborg in Norway fresh water is free of charge.

DAL/JTE NEWS: What is your working life like now?

JONAS RÜCKERT: Meanwhile we're partly working back at the office again. Last year, when we still had an Essberger Night, we had a meeting with our Scandinavian agents. I enjoyed that very much. It certainly is very different when you communicate with your colleagues in the office and business partners abroad on a purely online basis compared to meeting them face to face. Direct contact is very important.

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"We expect to be back to market levels only in early 2022"

Deutsche Afrika-Linien MD Ken B Sørensen on the consequences of Covid-19 and the future of the South African trade

DAL/JTE NEWS: The outbreak of Covid-19 has had a very negative impact on the financial results of Deutsche Afrika-Linien. When did you first become aware the pandemic could be a major issue?

SØRENSEN: We truly realised the potential effects of the outbreak when the automotive industry introduced lockdowns both here in Europe and in South Africa in the middle of March. This had an immediate effect on our utilisation and thus on our financial results. Initially we were informed that the production lines would remain shut down for two weeks, but only at the end of April production resumed and only in the last several weeks we saw bookings returning to "normal".

DAL/JTE NEWS: In the beginning, did you underestimate the effects of the outbreak?

SØRENSEN: Our initial reaction was to consider the health and safety of our staff and to ensure that our operations would be able to continue through the announced lockdowns. With little time delay, we were able to roll out safety measures across our offices and ensure the safety of our colleagues. Early on we were unaware of how much impact the outbreak would have. But clearly when the lockdowns continued for longer than anticipated, we realised the consequences for our business. In the South African trade, we are dependent on the automotive sector, and the production line shutdowns both in Europe and in South Africa had huge effects on our loadings southbound. The other segments were hit, but not as badly. Our business northbound is, from a volume perspective, split evenly between reefer cargo – fruit, vegetables, meat, etc. – and dry cargo. The reefer volumes have consistently stayed above last year's results and above our planned volumes as well. In SAECS the reefer shipments have a high priority and, as such, any limitation of capacity through the reefer season has not been possible. Only recently, we announced a "blank sailing", which has reduced our costs but not lost corresponding revenue. We are considering one more blank sailing, but this is still undecided, also because our volumes are returning.

DAL/JTE NEWS: How did you manage customer relations in the lockdown days?

SØRENSEN: Since the Covid-19 outbreak has hit all of us, and most have introduced very similar measures – notably with travel restrictions, home office, "digital meetings", etc. – and actually most are still in effect, our customers have full understanding that currently and for a long time to come also future meetings and contacts will be via either telephone or via Skype, TEAMS, etc. In fact, since we have all learned how this new way of interacting actually works for a major part of required contacts, we are certain that this will continue even after the world has normalised.

DAL/JTE NEWS: What is the impact on the freight rates?

SØRENSEN: Most analysts and management teams in our industry expected that, with the rapid reduction in demand, the freight rates would start to fall. Our industry, like many other industries, is dependent on a reasonable balance between supply of vessel space and demand. As long as there is balance, freight rates remain stable, but the moment the balance shifts – either a fall in demand or an increase in supply – freight rates usually fall quickly. In our trades freight rates remained stable and in the major East/West trades freight rates started to increase. The reason was that the industry players were quick to withdraw capacity in order to uphold the balance, and in some trades, notably Transpacific, more capacity was removed than actually needed – resulting in an almost historical increase in freight rates. It would have been great to see that in our SA trade as well but, with only weekly services and the safeguarding of our reefer volumes an adjustment of capacity was not possible.

DAL/JTE NEWS: The lockdown in South Africa is handled very strictly. How did this measure affect the performance of the South African ports and the logistics in general?

SØRENSEN: The lockdown had a big impact on overall demand of consumer goods, and the lockdowns of the production lines in the automotive industry had a similar effect, even though the production

Ken Bloch Sørensen

of finished vehicles is mainly heading for export markets, so volumes dropped and activity levels as well. The impact on port operations was actually positive early on, but as port workers were infected, ports shut down for a short while. All are back in operation and we currently do not see any major impacts.

DAL/JTE NEWS: Before Covid-19, DAL experienced a balanced performance of the southbound and northbound trade. Will this balance change?

SØRENSEN: The forecasts for the coming year remain reasonably buoyant and with a strong reefer performance expected as well, we are currently not expecting any major swings for the coming year. It should be noted, however, that overall market expectations suggest a drop and that only in early 2022 we should be back at the levels originally expected for 2020. It is too early to say how big the impact will be though.

DAL/JTE NEWS: Amidst the Covid-19 depression, DAL purchased a new container ship for the South Africa trade. With a capacity of 6,600 TEU the new "DAL Kalahari" will be the biggest vessel in the history of the company. DAL is also investing in 300 new 40' high-cube containers. What are the reasons behind these investments?

SØRENSEN: The SAECS trade is heavily dependent on the reefer trade. This requires the vessels operating there to carry a very high number of reefer containers during the season. Since there is only a relatively small number of suitable vessels available in the market, you need to plan early for the procurement of such vessels. Historically, we have owned the vessels we operate in SAECS, however, since we increased the standard vessel size some years ago, we have been dependent on the time charter market – and the swings this gives you in your costs. As said, because of the special requirements for vessels, we must plan well in advance, and as such we already started looking for a replacement vessel to our currently chartered "Santa Rita" in June, even though the charter only runs out in February 2021. We were fortunate to find a suitable vessel, instead of remaining dependent on the charter market, and fortunate that our owners have remained prudent over the years and had the ability to move quickly when an opportunity came up. The strategy to better control and, when possible, to lower our costs, will be possible with this acquisition. The investment in containers is almost an annually recurring event. The investment is in replacing old containers which will be retired and sold.

DAL/JTE NEWS: After the lessons learned from the Covid-19 pandemic, will shipping ever be the same again?

SØRENSEN: Seen from an industry perspective, the shipping lines certainly learned that the continuous quest for market share should be replaced by swift reactions to demand or supply by addressing capacity. The industry has so far succeeded in keeping, even increasing, freight rates during the crisis. Profitability has been improved and there is hope that this will continue post the crisis. Surely, this new dynamic will assist DAL also in the years to come – profitability ahead of market share. The urge to digitalise the "back office" and part of the customer-facing processes was confirmed during the crisis. DAL made the decision early in the year to invest in this, and with an expected roll-out next year, we stand stronger – crisis or no crisis. We will be better prepared should a similar crisis hit us and as long as we stay focused on delivering superior service to our customers, we will be able to thrive.